

# Small Business Enterprise Program Annual Report

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**City of Milwaukee**

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**Department of Administration  
Office of Small Business Development**



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# Introduction

The Department of Administration - Office of Small Business Development (OSBD) is a multi-faceted direct service provider that was created to assist and protect the interest of emerging and small business concerns. Staff have developed a communication network with each of the City's contracting departments to ensure that the opportunities in commodity procurement, construction, service orders and professional services are available to small and emerging businesses.

As presented in the Milwaukee Code of Ordinances, Chapter 370 requires that the Office of Small Business Development review Small Business Enterprise (SBE) Program participation progress in the City's contracting and procurement activities and annually submit a written report to the Mayor and Common Council. Chapter 370 states that city contracting departments shall utilize SBEs for the following percentage of the total contracting dollars, through prime contracts or subcontracts, annually expended on construction, the purchase of goods and services and professional services:

- Construction: 25%
- Goods and services: 25%
- Professional services: 18%

This report highlights the activities related to the SBE program participation achieved on contracting and procurement activities ending December 31, 2018.

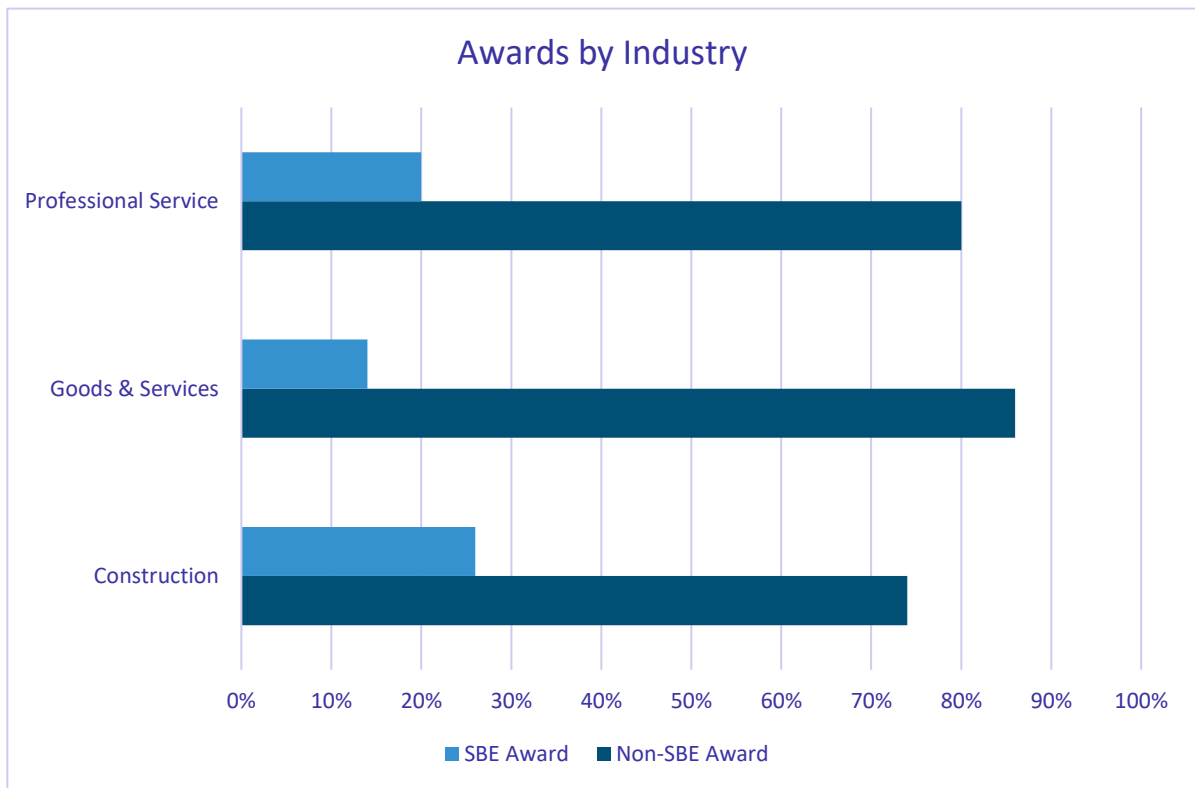
The data contained in this report was compiled by the Office of Small Business Development with assistance from the following City contracting departments, as required by Chapter 370:

- Department of Administration – Purchasing Division
- Department of Public Works
- Department of Neighborhood Services
- Milwaukee Fire Department
- Milwaukee Police Department
- Milwaukee Public Library

# Data Analysis

## Small Business Enterprise Utilization

The City of Milwaukee has two major contracting departments: the Department of Public Works (DPW) and the Department of Administration – Purchasing Division. DPW is responsible for ensuring that the infrastructure of the City of Milwaukee is functional, such as the maintenance of streets and bridges, traffic signals and street lighting. The Purchasing Division is responsible for acquiring commodities and services for City Departments. The graph below summarizes departmental activity as it relates to the percentage of contracts awarded to SBEs and non-SBE firms.



It is important to note that the majority of SBE firms are certified in construction related trades and is reflective in the percentage of total contract awards to SBEs (26%). The majority of the contracting that is done by the Purchasing Division, on behalf of all City Departments typically involves procuring items (14%) and services (20%) in which there are limited SBE certified firms that can actively participate on such contracts, which is also reflective in the percentage of total contract awards to SBEs.

The table below summarizes the overall total contracts dollars by industry, as well as the total percentage and total dollar amount of contracts awarded to SBE firms.

Industry	Total Contract Award \$	SBE Contract Award \$	SBE Goal %	SBE Actual %
Construction	\$ 86,787,136	\$ 22,551,290	25%	26%
Goods & Services	\$ 82,719,376	\$ 11,757,075	25%	14%
Professional Services	\$ 12,203,509	\$ 2,482,000	18%	20%

In 2018, city departments with contracting authority awarded contracts valuing \$181,710,136 with \$36,790,365 awarded to SBE firms performing as prime and/or sub-vendors or contractors.

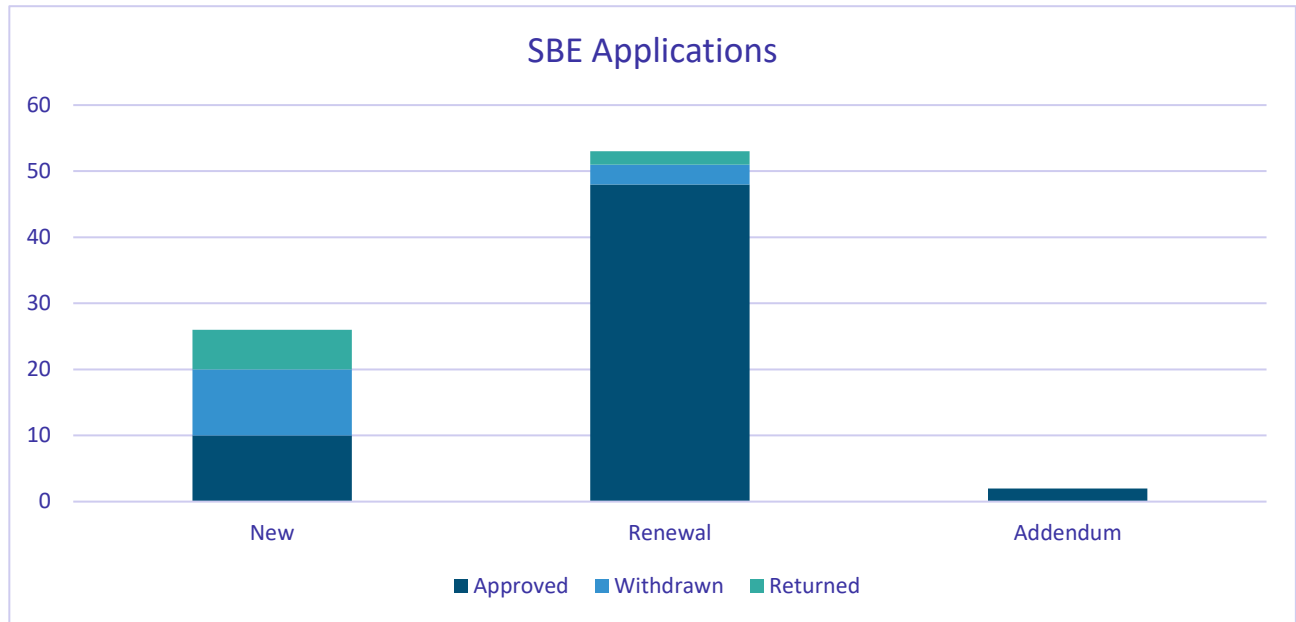
The aforementioned variations in SBE participation percentages can be attributed to the lack of or abundance of certified firms available to provide a specific commodity or service. Additionally, the absence of SBE firms actively responding to bids and request for proposals limits the number of contract awards.

## Small Business Enterprise Certification Applications

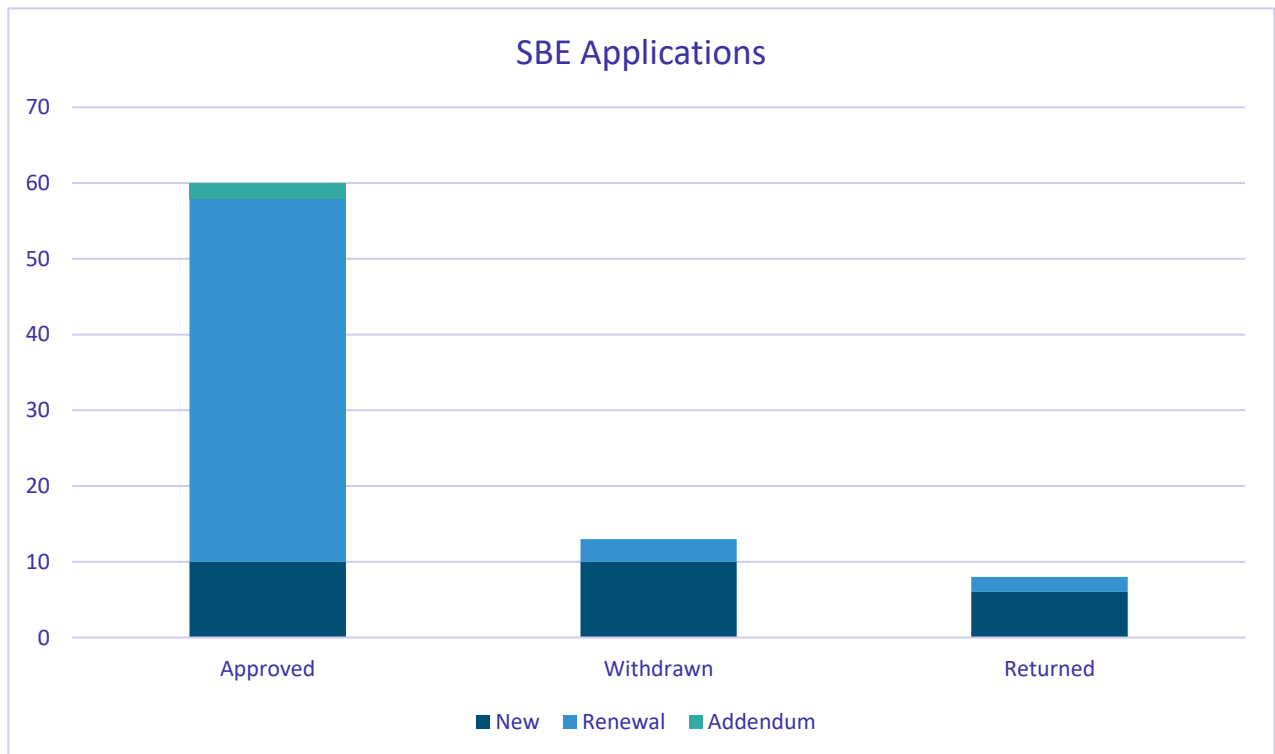
The Office of Small Business Development, on average, processes more than 100 applications from small business owners seeking SBE certification, both new and renewal applications. Below is an overview of SBE certification efforts in 2018:

Application	Approved	Withdrawn	Returned	Total
New	10	10	6	26
Renewal	48	3	2	53
Addendum	2	0	0	2
Total	60	13	8	81

In 2018, OSBD received a total of 81 applications (26 new, 53 renewal and 2 addendum). A further breakdown is provided below:



The graph below summarizes which of the 81 applications were approved, withdrawn or returned.



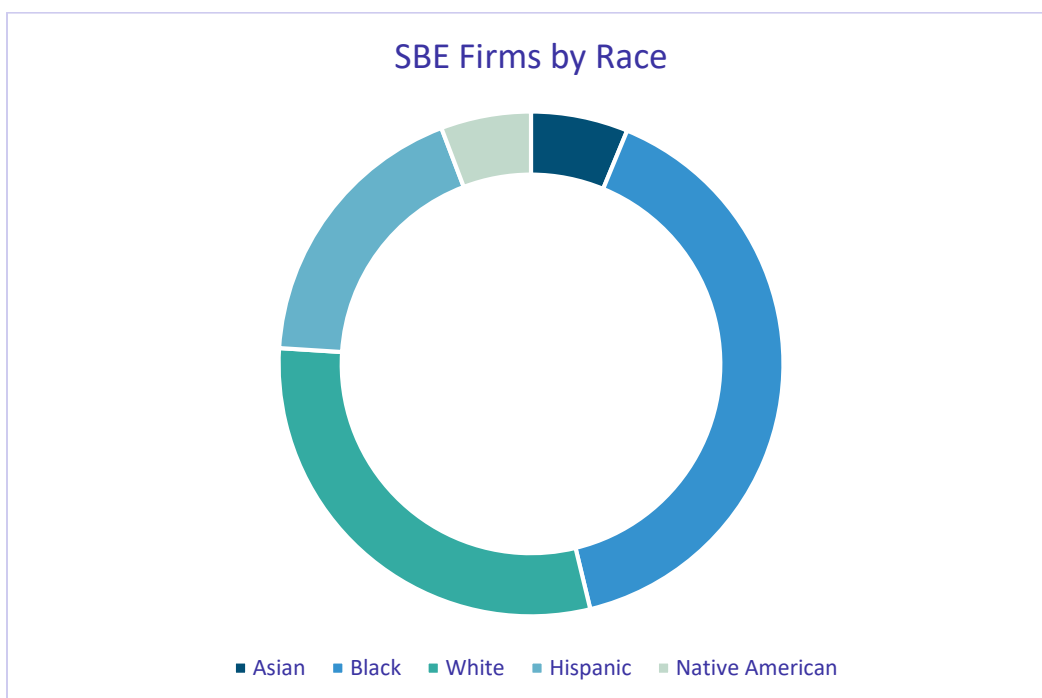
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## Small Business Enterprise Certification Demographics

In 2018, there were a total of 225 actively certified SBE firms. The tables and graphs below summarize those firms by ethnicity, gender and location.

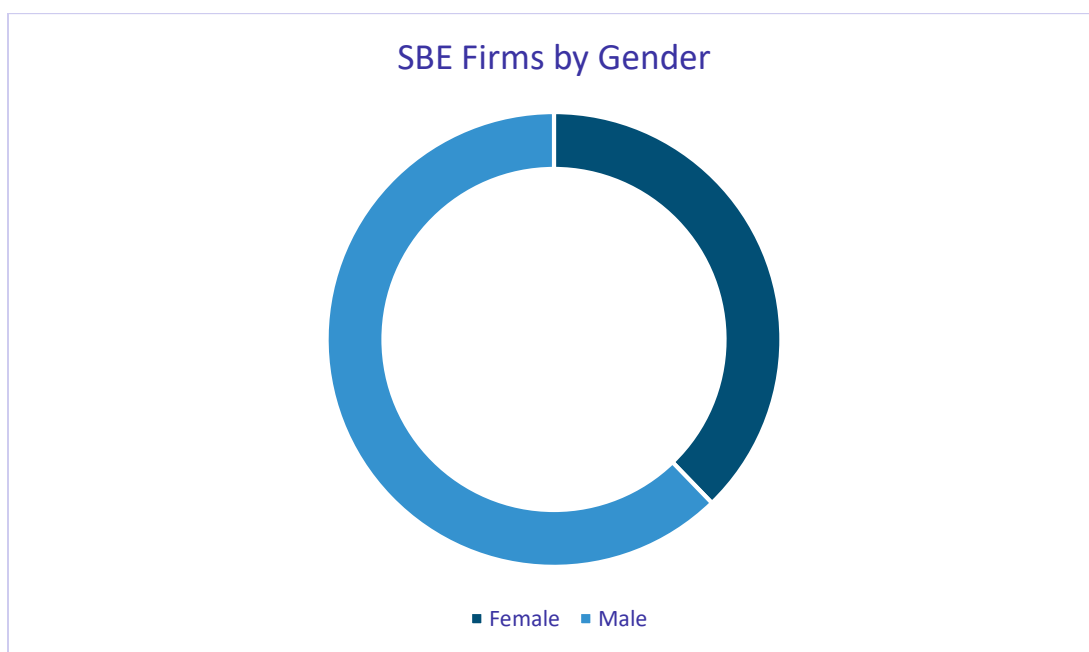
In 2018, 40% of certified firms were Black-owned, followed by 30% of White-owned firms.

Race	Total Firms	Percentage
Asian	14	6%
Black	90	40%
White	67	30%
Hispanic	41	18%
Native American	13	6%
Total	225	100%



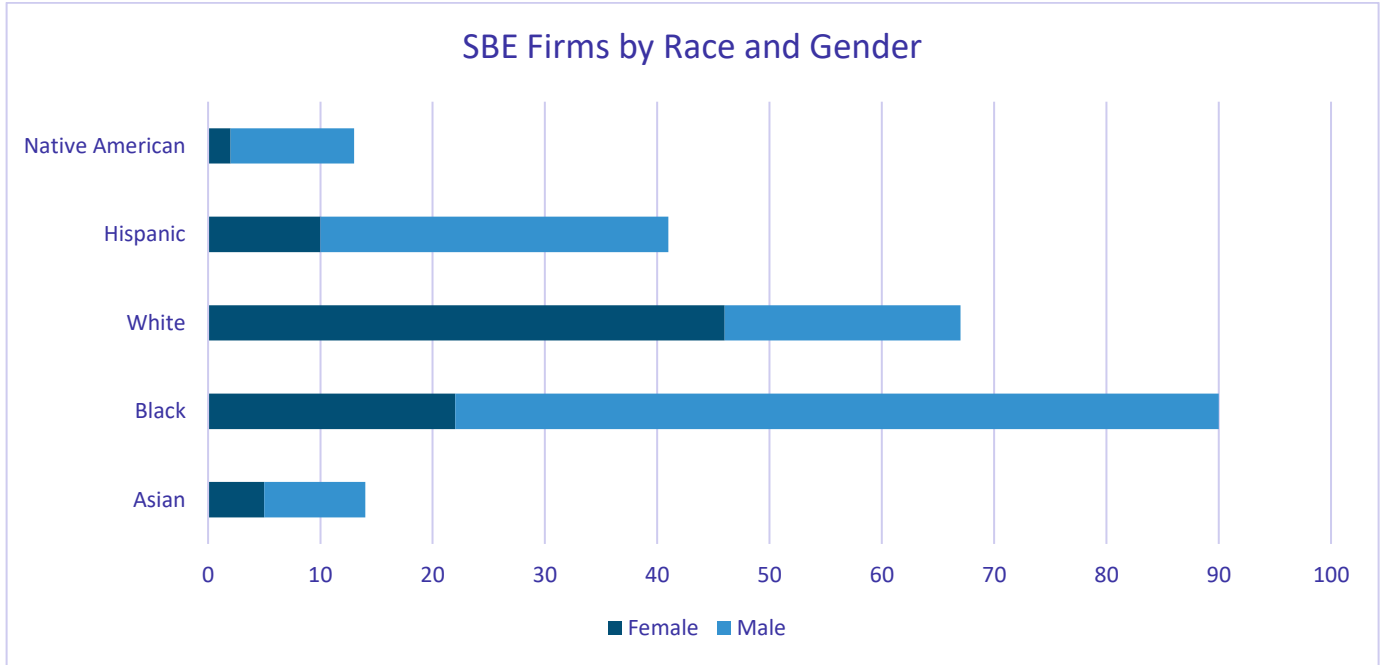
SBE firms owned by males accounted for 62% of the total actively certified firms in 2018 while females owned firms accounted for 38% of actively certified firms.

Gender	Total Firms	Percentage
Male	140	62%
Female	85	38%
Total	225	100%



Black-owned SBE firms accounted for 40% of the total active certified firms in 2018, while White-owned SBE firms accounted for 30% of active certified firms.

Race	Male	Female	Percentage
Asian	9	5	6%
Black	68	22	40%
White	21	46	30%
Hispanic	31	10	18%
Native American	11	2	6%
Total	140	85	225



## Small Business Enterprise Historical Utilization

Contract Year	25% Construction	25% Goods & Services	18% Professional Services
2013	23%	7%	9%
2014	22%	9%	6%
2015	25%	7%	17%
2016	23%	4%	12%
2017	22%	9%	13%
2018	26%	14%	20%

# Conclusion

Overall, in 2018, the City of Milwaukee achieved a 26% participation rate for construction contracts, 14% participation rate for goods and services contracts and 20% participation rate for professional service contracts. The City of Milwaukee continues to explore creative and innovative ways to increase



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engagement and create opportunities for small businesses to play a more active role in doing business with the City. While we recognize the inherent challenges entrepreneurs face, we remain confident that provided the proper information, technical assistance and connection to viable resources, they will have a greater experience engaging in the City of Milwaukee's contracting efforts.